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SIPDIS

NSC FOR MCKIBBENS AND VOLKER, DEPARTMENT FOR EUR/UBI

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SUBJECT: SCENESETTER FOR THE PRESIDENT'S TRIP TO IRELAND
JUNE 25-26: THE BILATERAL AGENDA

REF: DUBLIN 826

Classified By: CDA Jane B. Fort, reason 1.4 (d)

11. (C) Summary: Irish President Mary McAleese and Prime Minister Bertie Ahern are looking forward to welcoming the President to Dromoland Castle in the west of Ireland for the U.S.-EU Summit June 26. Ahern can be justly proud of his management of the EU Presidency to date, including his leadership in helping to repair TransAtlantic ties. His higher international profile is especially useful as Ahern continues to struggle domestically. His political party is predicted to lose seats in June 11 local and European Parliament elections, despite an economic upturn, as voters take out their frustration over the slow pace of reforms in basic services.

12. (C) Although militarily neutral Ireland did not support the war in Iraq, and we expect a vocal (if harmless) turnout of protestors (reftel), the state of U.S.-Irish relations remains as strong as ever. Ireland continues to allow the U.S. military to refuel at Shannon airport, to foster the vibrant commercial ties between our nations, and to support major peacekeeping operations such as ISAF and Liberia. U.S. support for political progress in Northern Ireland is deeply appreciated, and is a subject of particular passion for President McAleese and her husband. We should push the Irish Government to break the logjam in Parliament on new laws to criminalize international terrorism. With a UN mandate, Ireland could send troops to Iraq, although this would be unpopular; we may wish to sound out Ahern on this. End Summary.

The Domestic Scene

13. (SBU) On June 11, PM Ahern's coalition government faces its first real test since general elections in 2002, as voters elect local and city councillors, and Members of the European Parliament (MEP). Voter unhappiness with perceived backtracking on promises to improve basic services has gradually diminished Ahern's approval ratings, currently in the low 40s. Analysts expect that Ahern's coalition will lose a significant number of local seats, and possibly an MEP seat or two, with more left-leaning parties such as Sinn Fein and Labour predicted to benefit. While a drubbing in these elections will by no means signify the end of the Ahern government, it could hasten a cabinet shake-up this summer. Public irritation with the government centers on its struggles to deliver adequate health care services, education, public transportation and infrastructure and policing.

Irish Interests in the EU Presidency

14. (C) On a happier note for Ahern, the PM has won kudos throughout the EU for competent management of difficult issues facing the Union, including repairing the TransAtlantic relationship, the accession of ten new member states, valiant attempts at a Cyprus settlement, responding to the terror attacks in Madrid, and talks to negotiate a European Constitution. The Irish government prides itself on being the bridge between "Boston and Berlin", and Ahern will reiterate that one of his top priorities is strengthening U.S.-EU ties. The relationship is indeed in much better shape than it was six months ago, and Ireland will continue to push for reduced trade and investment barriers, and closer U.S.-EU coordination on Iraq and the Arab-Israeli conflict. However, the Irish are also strong multilateralists, and Ahern will urge the fullest possible UN engagement in Iraq and the Middle East. Ireland has a history of development assistance to Africa, due to a long tradition of missionary work, and Ahern will be particularly pleased to oversee a joint statement on HIV-AIDS cooperation. Finally, Ahern is likely to briefly raise ITER, following up on a promise to French President Chirac during his recent visit to Dublin.

Trade and Investment

15. (SBU) Our bilateral commercial relationship is

impressive. U.S. investment in Ireland is approximately USD 42 billion, with over 550 companies employing close to 100,000 Irish workers. Information technology, pharmaceuticals, biotechnology and financial services are the big investors here, with most of the Fortune 500 firms represented. A well-educated, English-speaking workforce with an American-style work ethic and legal system are major factors, in addition to the low corporate tax rate of 12 percent. Ireland is the ninth largest foreign investor in the United States (USD 30 billion) and employs some 40,000 Americans.

16. (SBU) Ireland is anxious to maintain its favored investment status with the U.S. in the newly-expanded EU, as former Eastern European countries adopt the successful Irish model. As a result, the Irish are aggressively working to move up the value-added chain into higher-end R&D programs to remain competitive.

Counterterrorism Measures -----

17. (SBU) Ireland has tough laws to counter domestic terrorism, due to the legacy of paramilitary activity in the Northern Ireland conflict. The Irish and British governments have excellent cooperation in cracking down on dissident republican paramilitary groups across the entire island. In 2003, the Irish -- with help from an FBI informant -- successfully prosecuted their first case of "leadership in a terrorist organization", jailing the leader of the Real IRA.

18. (C) Unfortunately, legislation to criminalize international terrorism has been hung up in the Irish Parliament for over two years. Ireland is party to five of the twelve UN Conventions Against Terrorism, but human rights concerns have stalled movement on legislation to allow Ireland to become party to the remaining seven. The GOI hopes to push the legislation through the Parliament by the time of the Summit, but this appears unlikely. Negotiations on a protocol to harmonize the U.S.-Irish Mutual Legal Assistance Treaty (MLAT) with the U.S.-EU MLAT appear poised for completion by the end of June.

Peacekeeping -----

19. (C) Irish Defense Forces are currently deployed to Kosovo, Afghanistan, Lebanon, and Liberia, where Ireland is the largest non-African contingency. The Irish Government recently took the decision to extend the ISAF and UNIFIL missions, for which Ahern should be congratulated. There are no Irish forces in Iraq; under Irish law, troops cannot be deployed without a UN-authorized mission. You should probe Ahern on his willingness to send Irish peacekeepers to Iraq under a UN mandate. There would be strong resistance from the Parliament and the public, but this is an opportunity for Ireland to reaffirm its belief in the primacy of the United Nations by contributing to a multinational force.

Northern Ireland -----

10. (SBU) Elections in November 2003 to the suspended Northern Ireland Assembly put the Democratic Unionist Party (DUP) and Sinn Fein as the largest parties, but did not bring the restoration of devolved government. The DUP refuses to enter into government with Sinn Fein until the Irish Republican Army (IRA) ends all paramilitary activity. Despite tremendous demands on British PM Blair and Irish PM Ahern, the two leaders have dedicated enormous personal time and effort to try to put together a deal to restart the political process. Under discussion is further decommissioning of IRA weapons, a political decision by republicans to end IRA paramilitary activity, Sinn Fein agreement to support the reformed Police Service of Northern Ireland, HMG delivery on demilitarization and devolution of security and justice functions, and DUP agreement to enter into negotiations with Sinn Fein.

11. (SBU) A non-violent summer of sectarian marches will be critical to the success of this effort, as will a second report this fall from the International Monitoring Commission -- a four member body of officials from Ireland, Northern Ireland, Britain, and the United States. (Former CIA Deputy Director Richard Kerr is the U.S. member.) The Commission, charged by the governments with monitoring and reporting on abuses of the Good Friday Agreement, issued its first report in April, in which it criticized republican and loyalist paramilitary groups for illegal activities.

12. (SBU) Embassies Dublin and London, Consulate General Belfast, and your Special Envoy Mitchell Reiss have continued to facilitate dialogue among political leaders in Dublin, London, and Belfast. We also continue to contribute to the International Fund for Ireland, a British-Irish project to generate employment and training in the neglected border

areas and sectarian neighborhoods in Belfast, Derry and other cities, and to provide alternatives to joining illegal paramilitary groups.

Shannon Airport

113. (SBU) Shannon airport, in the west of Ireland, is an important gateway for U.S. commercial and military travel. We have a long-standing arrangement with the GOI whereby U.S. military aircraft land and refuel at Shannon, en route to the Gulf, Afghanistan, etc. This policy was, and remains, the focal point of anti-war protestors who view this as a violation of Irish neutrality. We appreciate the GOI's continued support, and steps it has taken to ensure the security of the nearly 126,000 U.S. forces who passed through Shannon in 2003.

114. (C) The commercial use of Shannon by U.S. carriers is also a sensitive issue, as we negotiate a U.S.-EU Open Skies agreement which will see the phase-out of the "Shannon stopover", which currently forces half of U.S. flights to land at Shannon prior to traveling on to Dublin. The Shannon airport authority and Shannon-area tourism industries insist the elimination of this requirement will be disastrous for the region's development and the airport's viability; TransAtlantic passenger and cargo traffic currently account for 40 percent of the airport's total annual revenues. We believe these concerns can be addressed through smart marketing of products and services, and Open Skies talks will benefit both U.S. and Irish carriers by adding new routes in Ireland and the U.S., respectively.

Travel and Security

115. (SBU) Approximately 900,000 Americans travel to Ireland each year for business and tourism, and over 300,000 Irish visit the United States. The implementation of the US-VISIT program at pre-clearance immigration facilities at Shannon and Dublin airports has been extremely smooth, in part because Ireland is on the Visa Waiver Program and most Irish travelers do not yet have to be fingerprinted. Ireland is one of the few EU countries on track to meet the October 24, 2004 deadline for introducing passports with biometric identifiers, an effort worth acknowledging.

FORT